

governmental services and certain unrated municipal revenue bonds (including unrated public ownership and private ownership industrial development bonds). These activities have been previously approved by the Board by order to be so closely related to banking as to be proper incident thereto within the meaning of section 4(c)(8) of the BHC Act. See *Bank South Corporation*, 81 Fed. Res. Bull. 1,116 (1995) (private ownership industrial development bonds); *Letter Interpreting Section 20 Orders*, 81 Fed. Res. Bull. 198 (1995) (unrelated municipal revenue bonds). Applicant previously received the Board's approval to engage through SouthTrust Securities in, among other things, underwriting and dealing in municipal revenue bonds, including public ownership industrial development bonds. See *SouthTrust Corporation*, 75 Fed. Res. Bull. 647 (1989).

Board of Governors of the Federal Reserve System, July 9, 1996.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 96-17899 Filed 7-12-96; 8:45 am]

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Federal Open Market Committee; Domestic Policy Directive of May 21, 1996

In accordance with § 271.5 of its rules regarding availability of information (12 CFR part 271), there is set forth below the domestic policy directive issued by the Federal Open Market Committee at its meeting held on May 21, 1996.¹ The directive was issued to the Federal Reserve Bank of New York as follows:

The information reviewed at this meeting suggests that, on balance, economic activity has grown moderately in recent months. Nonfarm payroll employment changed little in April after rising substantially in the first quarter; the civilian unemployment rate fell to 5.4 percent. Industrial production increased sharply in April, largely reflecting a rebound in motor vehicle assemblies after a strike in March. Retail sales declined somewhat in April after posting a strong gain in the first quarter. Single-family housing starts rose considerably in April. Orders and contracts point to some deceleration in spending on business equipment and

nonresidential structures after a very rapid expansion in the first quarter. The nominal deficit on U.S. trade in goods and services widened significantly in the first quarter from its rate in the fourth quarter of last year. Upward pressures on food and energy prices have led to somewhat larger increases in the consumer price index over recent months.

Short-term market interest rates have changed little while long-term rates have risen somewhat further since the Committee meeting on March 26. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies has appreciated considerably over the intermeeting period.

Growth of M2 and M3 slowed substantially in April after recording sizable increases earlier in the year. For the year through April, both aggregates grew at rates somewhat above the upper bounds of their respective ranges for the year. Expansion in total domestic nonfinancial debt remained moderate on balance over recent months.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in January established ranges for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1995 to the fourth quarter of 1996. The monitoring range for growth of total domestic nonfinancial debt was set at 3 to 7 percent for the year. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint would be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with moderate growth in M2 and M3 over coming months.

By order of the Federal Open Market Committee, July 8, 1996.

Donald L. Kohn,

Secretary, Federal Open Market Committee.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Agency for Health Care Policy and Research

Contract Review Meeting

In accordance with section 10(a) of the Federal Advisory Committee Act (5 U.S.C. appendix 2), announcement is made of the following advisory subcommittee scheduled to meet during the month of July 1996:

Name: Subcommittee on Request for Proposal No. AHCPR-96-0004, Planning, Evaluation and Analyses.

Date and Time: July 18-19, 1996, 8:30 a.m.-5:00 p.m.

Place: Agency for Health Care Policy and Research, Executive Office Center, 6th Floor Conference Room, 2101 East Jefferson Street, Rockville, Maryland 20852.

This meeting will be closed to the public.

Purpose: The Subcommittee's charge is to provide, on behalf of the Health Care Policy and Research Contracts Review Committee, advice and recommendations to the Secretary and to the Administrator, Agency for Health Care Policy and Research (AHCPR), regarding the scientific and technical merit of contract proposals submitted in response to a specific Request for Proposals. The purpose of this task order contract is to provide focused, high-priority planning, evaluation, and other types of analytical products to various AHCPR components on a short turnaround basis as the need arises. Multiple awards are anticipated with individual tasks orders to be competed among awardees. Task orders are anticipated to last no longer than 18 months at an estimated cost of \$10,000-\$250,000 each.

Agenda: The session of the Subcommittee will be devoted entirely to the technical review and evaluation of contract proposals submitted in response to a specific Request for Proposals. The Administrator, AHCPR, has made a formal determination that this meeting will not be open to the public. This is necessary to protect the free exchange of views and avoid undue interference with Committee and Department operations, and safeguard confidential proprietary information and personal information concerning individuals associated with the proposals that may be revealed during the sessions. This is in accordance with section 10(d) of the Federal Advisory Committee Act, 5 U.S.C. appendix 2, Department regulations, 45 CFR section 11.5(a)(6), and procurement regulations, 48 CFR section 315.604(d). Anyone wishing to obtain information regarding this meeting should contact Sharon Williams, Office of Management, Contracts Management Staff, Agency for Health Care

¹ Copies of the Minutes of the Federal Open Market Committee meeting of May 21, 1996, which include the domestic policy directive issued at that meeting, are available upon request to the Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The minutes are published in the Federal Reserve Bulletin and in the Board's annual report.